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Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat)

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Report of the Secretary-General

Summary

The present report provides an overview of outcomes and results of the substantive issues addressed by the General Assembly in its resolution 64/207. It describes progress made in the following areas: assessment of urbanization trends and advocacy for sustainable urbanization; urban planning, management and governance; land and housing policies; basic urban infrastructure and services; human settlements finance systems; and governance and management of the United Nations Human Settlements Programme (UN-Habitat).

The report concludes that the role of cities in climate change mitigation and adaptation, as well as issues of access to adequate housing, serviced land and basic urban services such as water and sanitation, are central to sustainable development. In light of these conclusions, it is important that Member States recognize the expertise and contribution of UN-Habitat to the upcoming 20-year review of the United Nations Conference on Environment and Development.

The report also encourages Governments and other public and private entities to contribute to the further capitalization of the United Nations Habitat and Human Settlements Foundation for enhanced investment in slum upgrading and prevention, including water supply and sanitation.

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The report concludes that, in light of the emerging urban challenges, including rapid and chaotic urbanization, climate change, the global economic crisis, poverty and inequality and the geographical expansion of cities into huge megalopolises, the convening of a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016 would be timely.

I. Introduction

1. The present report is submitted pursuant to paragraph 14 of General Assembly resolution 64/207 on implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of the United Nations Human Settlements Programme (UN-Habitat).

II. Understanding current urban challenges and raising global awareness of sustainable urbanization

2. During the reporting period, the focus of UN-Habitat's normative work sought to improve monitoring of sustainable urbanization conditions and trends. It also sought to deepen understanding of the current challenges of urbanization, including urban inequality or the "urban divide", and to assess how urban policies and planning practices are responding to the challenges. Advocacy work focused on improving global awareness of sustainable urbanization issues at the national and global levels and encouraging partners in the Habitat Agenda to actively participate in the formulation and implementation of sustainable urbanization policies. The fundamental objective of all of this work was to assist Governments in promoting the principles and practice of sustainable urbanization, in line with paragraph 4 of resolution 64/207.

3. Building on the above normative and advocacy work, and in line with paragraphs 10 and 14 of resolution 64/207, UN-Habitat also started preparing a report on the possibility of convening a high-level special event of the General Assembly on sustainable urbanization, to promote understanding of the challenges of rapid urbanization, including climate change, housing finance systems, urban planning and sustainable land management, as well as a second report on the question of convening, in 2016, a third United Nations conference on housing and sustainable urban development. Both reports will be considered by the Governing Council of UN-Habitat at its twenty-third session in April 2011.

A. Current urbanization challenges

4. The major human settlements factors shaping cities in the twenty-first century are manifest in all regions of the world. Two UN-Habitat publications highlight the matter, the *Global Report on Human Settlements 2009*, entitled *Planning Sustainable Cities*, which identified a number of major challenges, including demographic, environmental, economic, social and spatial challenges; and the *State of the World's Cities 2010/2011: Cities for All-Bridging the Urban Divide*, which focused on the phenomenon of intra-urban inequality along a number of dimensions, including poverty, environmental degradation, income, marginalization and various forms of social and political exclusion. The main factors and challenges shaping cities and towns, as identified in these two flagship reports, are highlighted below.

Demographic challenges and the growing demand for urban services

5. The global urban transition witnessed over the last decades has been phenomenal, presenting Governments and local authorities with challenges never before faced. While the period 1950-1975 saw population growth more or less

evenly divided between the urban and rural areas of the world, in the period since the balance has tipped dramatically in favour of urban growth. In 2008, for the first time in history, over half of the world's population was living in urban areas and, according to current projections, this will have risen to 70 per cent by 2050. Almost all of this growth will take place in developing countries. Between 2007 and 2025, the annual urban population increase in developing countries is expected to be 53 million (or 2.27 per cent), compared to a mere 3 million (or 0.49 per cent) in developed countries.

6. In the *State of the World's Cities 2010/2011*, it was noted that between 2000 and 2010, 227 million people in the developing world gained access to one or more of the following: adequate drinking water, safe sanitation, structurally improved housing and less crowded housing. This achievement was not uniformly distributed across regions however; the more advanced developing countries made better progress than the poorer developing countries. In the course of the same period, the number of slum dwellers actually increased by 6 million every year.

7. A key problem is that most of the rapid urban growth is taking place in countries least able to cope, in terms of the ability of Governments to provide or facilitate the provision of urban infrastructure; the ability of urban residents to pay for such services; and resilience to natural disasters. The inevitable result has been the rapid growth of urban slums and squatter settlements.

Environmental challenges

8. One of the most significant environmental challenges at present is climate change. In urban areas, it will negatively affect access to water and hundreds of millions of people will be vulnerable to rising sea levels, coastal flooding and related natural disasters as global warming increases. Recent research shows that 13 per cent of the world's urban population is living in low elevation coastal zones, which are defined as being less than 10 metres above sea level. If sea levels rise by just one metre, many large coastal cities, including Buenos Aires, Los Angeles, Rio de Janeiro, New York, Mumbai, Dhaka, Osaka, Tokyo, Lagos, Alexandria, Shanghai and Cairo will come under threat.

9. Moreover, it will be the poorest countries and people who will be most vulnerable to this threat and who will suffer first and most acutely. The high cost of land and housing in urban areas is currently pushing the lowest-income people into locations that are prone to natural hazards, such that 4 out of every 10 non-permanent houses in the developing world are now located in areas threatened by floods, landslides and other natural disasters, particularly in slums and informal settlements. Significantly, such disasters are only partly a result of natural forces; they are also products of failed urban development and planning.

10. A second major concern is the environmental impact of the use of fossil fuels in urban areas. The global use of oil as an energy source has both promoted and permitted urbanization, and its easy availability has allowed the emergence of low density and sprawling urban areas, suburbia, dependent on private cars. Response to the post-oil era presents a whole range of new imperatives for urban development, especially in terms of settlement density and transportation.

11. Rapid urban growth in the past 50 years has meant that managing the built (or human) environment while coping with environmental pollution (especially waste)

and degradation has become a significant challenge, especially in the developing world. Fewer than 35 per cent of the cities in developing countries have their waste water treated; worldwide 2.5 billion and 1.2 billion people, respectively, lack access to safe sanitation and clean water; and between one third and one half of the solid waste generated within most cities in low and middle income countries is not collected. Most of this deprivation is concentrated in urban slums and informal settlements.

Economic challenges

12. Processes of globalization and economic restructuring in recent decades have impacted, and will continue to impact, urban settlements in both developed and developing countries in various ways. Particularly significant has been the impact of such processes on urban labour markets, which show a growing polarization of occupational and income structures (and hence growing income inequality) caused, in developed countries, by the growth of the service sector and the decline in manufacturing. There have also been important gender dimensions to this restructuring: over the last several decades women have increasingly moved into paid employment, but trends towards "casualization" of the labour force (through an increase in part-time, contract and home-based work) have made them highly vulnerable in times of economic crisis.

13. The global economic crisis, which began in the housing finance sector in 2008, has accelerated economic restructuring and unemployment in all parts of the world. One important impact of the crisis on urban labour markets has been rapid growth of the urban informal economy in all regions of the world, and particularly in developing countries. Informal sector jobs account for more than 50 per cent of all employment in Africa as well as in Latin America and the Caribbean, and a little lower in Asia. Among the most significant urban challenges that Governments have to address in the next few decades, especially in developing countries, are how to respond to increasing poverty and inequality, as well as to the rapidly expanding urban informal sector.

Social and spatial challenges

14. Governments and local authorities have increasingly found themselves confronted by new urban configurations and social processes, which, primarily,seem to be in the direction of fragmentation, separation and specialization of functions within cities, including labour market polarization (and hence income inequality), as reflected in growing differences between wealthier and poorer areas of cities in both developed and developing countries. Highly visible contrasts have emerged between up-market gentrified and suburban areas and tenement zones, ethnic enclaves and ghettos, as well as between areas designed for the advanced service and production sector and luxury retail and entertainment and older areas of declining industry, sweatshops and informal businesses.

15. In some parts of the world, fear of crime has increased urban fragmentation as middle and upper income households segregate themselves into gated communities and other types of high security residential complexes. Gated communities have multiplied in a number of major metropolitan areas, including Buenos Aires, São Paulo, Santiago, Johannesburg and Pretoria.

16. In many poorer cities, spatial forms are largely driven by the efforts of low income households to secure land that is affordable and in a location close to employment and other sources of livelihood. This process is leading to entirely new urban structures as the countryside itself begins to urbanize. The bulk of rapid urban growth in developing countries is, in fact, now taking place in unplanned peri-urban areas, leading to the emergence of huge megalopolises and urban corridors and giving rise to the need to enlarge the geographical scale of urban governance.

B. World Urban Forum

17. The most significant global advocacy event during the reporting period was the fifth session of the World Urban Forum, held in Rio de Janeiro from 22 to 26 March 2010. Over 10,600 people from 150 countries, representing all Habitat Agenda partners, attended the session. The Presidents of Brazil and Uganda, the Prime Minister of Haiti and the Vice-Presidents of the Philippines and Spain opened the Forum.

18. The theme of the World Urban Forum was "The Right to the City — Bridging the Urban Divide". The vibrant discussions at the Forum produced a wide range of insights and new ideas, including on emerging urban inequality, policy alternatives and effective practices in human settlements development. Climate change discussions attracted a lot interest, highlighting the contribution of cities to climate change, the differential impacts of climate change on cities and their diverse communities and effective mitigation and adaptation measures at the urban level.

19. The discussions also validated the non-legislative format of the Forum as a unique and effective vehicle for international dialogue among a wide range of participants, including Government ministers, parliamentarians and representatives of civil society, the private sector and international organizations. As in previous sessions of the Forum, the discussions, which took the form of dialogues, round tables, training events, networking events and side events, were open and frank.

20. The World Urban Youth Assembly and Gender Equality Action Assembly, which form an integral part of the World Urban Forum, in compliance with resolutions 22/4 and 22/7 of the Governing Council of UN-Habitat, were held for two days before the official opening of the Forum. The World Urban Youth Assembly brought together over 500 youth representatives from a cross-section of the world's regions and countries, most of them representing youth-led development organizations. The Gender Equality Action Assembly was attended by 361 participants from 36 countries.

21. At the closing of the session, the Government of Bahrain offered to host the sixth session of the World Urban Forum in early 2012.

C. Global Urban Campaign

22. Another significant advocacy tool during the reporting period was the Global Urban Campaign, which was launched by the Executive Director of UN-Habitat during the fifth session of the World Urban Forum. The Campaign's fundamental objective is to raise global awareness of sustainable urbanization issues and to help Governments and all Habitat Agenda partners to advance the goal of smarter,

greener and more equitable cities. The Campaign is one of the key strategies of the UN-Habitat medium-term strategic and institutional plan, that of forging effective partnerships with and among the public, private and civil society sectors, with UN-Habitat playing a catalytic role in the process.

23. A steering committee of major partners and groups was established prior to the Campaign's launch in Rio de Janeiro. More than 50 partners, representing global and thematic networks of cities, professionals, civil society and the private sector, committed themselves to the Campaign. Five United Nations agencies (the International Labour Organization, the World Health Organization, the Universal Postal Union, the secretariat of the International Strategy for Disaster Reduction and the International Telecommunication Union) have also associated their own global campaigns with the World Urban Campaign.

24. Representatives of a number of partner organizations, including the Global Parliamentarians on Habitat, Building and Wood Workers' International, the Habitat Professionals Forum, the United Cities and Local Governments, the Huairou Commission, the Habitat International Coalition and the World Business Council for Sustainable Development, signed a compact in support of the World Urban Campaign as a framework for collaboration in elevating the principles of sustainable urbanization in public policy and public and private investment. A number of journalists also signed the compact.

25. The 100 Cities Initiative, a key component of the Campaign, was also launched during the World Urban Forum. The Initiative builds on the concept of best practices, focusing on the sharing, exchange and transfer of lessons learned. The Initiative will include a 100 Cities Summit, which is to take place in Alicante, Spain, in 2011.

D. Shanghai World Exposition

26. The Shanghai World Exposition 2010 is yet another global advocacy mechanism for the promotion of the sustainable urbanization agenda. Under the theme "Better City, Better Life", the exposition, which is expected to attract 70 million visitors, opened on 1 May 2010 and will run until 31 October 2010. UN-Habitat has coordinated the participation of all United Nations agencies, programmes and funds in a 3,000 square metre United Nations pavilion. The theme of the pavilion, which has welcomed approximately 5,000 visitors per day, is "One Earth, One United Nations". The World Urban Campaign has also organized an inaugural lecture series at the exposition.

27. Both the exposition and the United Nations pavilion are dedicated to ideas, experiences, innovations, tools, technologies, know-how and forms of expression that portray a positive vision of an urbanizing world, which is also one of the key objectives of the World Urban Campaign.

III. Planning, managing and governing sustainable cities

28. Well-managed urbanization generates economic growth, social harmony, political advances and scientific progress while poorly managed urbanization

generates social exclusion, poverty, uncontrolled urban sprawl, pollution and unsustainable consumption of land, water and other natural resources.

29. As part of its efforts to promote sustainable urbanization and strengthen the role of local authorities during the reporting period, UN-Habitat focused on strengthening inclusive urban planning, management and governance, mainly through improved policies, strategies, legislation, institutions and implementation processes, in line with paragraph 4 of General Assembly resolution 64/207. Substantive areas of focus included cities and climate change, as well as post-disaster and post-conflict reconstruction and development.

A. Strengthening inclusive urban planning, management and governance

30. UN-Habitat has supported a number of country projects intended to improve policies, legislation and strategies supportive of inclusive urban planning, management and governance, including: local area development planning and provincial development strategy formulation for Basra, Iraq; formulation of city development strategies in the Great Lakes region of Africa; preparation of provincial and city development strategies in Quang Nam Province and Ho Chi Minh City, Viet Nam; and development of a gender and security strategy for Kosovo.

31. During the reporting period, the Association of African Planning Schools, with support from UN-Habitat, developed a workplan in support of capacity development of urban planners in Africa, focusing on sustainable urbanization principles.

32. UN-Habitat-supported workshops on participatory budgeting in the Democratic Republic of the Congo, Mozambique and Senegal provide a good example of the kind of institutional capacity-building work carried out. The workshops targeted municipal officials in eight municipalities. All targeted municipalities are now piloting the participatory budgeting approach.

33. In Cuba, following support from UN-Habitat, the centre for regional training of Santa Clara city is now able to provide training and issue qualifications on environmental urban administration to professionals and technicians, as well as community leaders.

34. During the reporting period, UN-Habitat also provided support aimed at strengthening the role of local authorities in the implementation of inclusive urban planning, management and governance in a number of countries; work carried out in the Lake Victoria region illustrates this fact.

35. UN-Habitat supported eight demonstration projects in the Lake Victoria region, including on waste management (Kisumu and Homa Bay, Kenya), sanitation (Kampala and Kisumu), wetlands management (Musoma, United Republic of Tanzania), livelihoods, youth and gender empowerment (Entebbe and Jinja, Uganda) and infrastructure (Bukoba, United Republic of Tanzania). City development strategies have enabled city leaders to attract significant direct foreign investment into their cities and towns. For example, the Government of France invested 40 million euros for infrastructure, water and sanitation projects in Kisumu.

36. UN-Habitat also supported activities designed to enhance collaboration with and among associations of local authorities during the reporting period. In February 2009, UN-Habitat provided support for a meeting of mayors of African capitals and major cities. The meeting addressed the numerous challenges facing rapidly urbanizing cities.

B. Strengthening cities' mitigation and adaptation responses to climate change

37. In line with paragraph 4 of General Assembly resolution 64/207 and resolution 22/3 of its Governing Council, UN-Habitat launched the Cities in Climate Change Initiative in 2009. The initiative works with a wide range of external and local partners to produce measurable results. Four pilot cities are included under the Initiative: Kampala, Maputo, Sorsogon City, the Philippines, and Esmeraldas, Ecuador.

38. Under the initiative, UN-Habitat has partnered with Local Governments for Sustainability (ICLEI) to prepare a capacity-building tool on cities and carbon finance. It has also partnered with the International Institute for Environment and Development to prepare a tool for developing local climate change plans.

39. UN-Habitat, together with the World Bank, the United Nations Environment Programme (UNEP) and the Cities Alliance developed an open source city-level greenhouse gas emission inventory standard, which was launched at the fifth session of the World Urban Forum. The standard is expected to harmonize the wide range of existing greenhouse gas emission inventory practices, thus contributing to better targeting and monitoring of city mitigation efforts.

40. During the reporting period, UN-Habitat, with support from leading climate change researchers from all over the world, initiated the preparation of the *Global Report on Human Settlements 2011*, provisionally entitled *Cities and Climate Change*. The report will analyse mitigation and adaptation policies and practices at the city level.

C. Post-disaster and post-conflict reconstruction and development

41. As the Inter-Agency Standing Committee focal point for housing, land and property, during the reporting period UN-Habitat focused on integrating a human settlements perspective into the earliest stages of emergency relief in order to ensure that key decisions can be made regarding land use, environmental issues, housing, infrastructure and livelihoods in order to facilitate transition to early recovery and reconstruction. In doing so, UN-Habitat collaborated with the Office for the Coordination of Humanitarian Affairs, the Office of the United Nations High Commissioner for Refugees (UNHCR), the secretariat of the International Strategy for Disaster Reduction, the United Nations Development Programme (UNDP), the International Federation of Red Cross and Red Crescent Societies and the International Organization for Migration, as well as with non-governmental organizations, including the Emergency Architects Foundation, Oxfam and the Norwegian Refugee Council, as well as the private sector.

42. During the reporting period, UN-Habitat continued to support activities in countries and regions both prone to and recovering from human-made and natural disasters. Projects in Colombia, the Democratic Republic of the Congo, Kosovo, Madagascar, Mexico, Mozambique, Nepal, Pakistan, the Sudan, specifically Southern Sudan and Darfur, and Uganda have demonstrated that a human settlements perspective strengthens the transition between relief and development.

43. Within the framework of the World Urban Campaign, UN-Habitat continued to support the United Nations International Strategy for Disaster Reduction and other partners in the global campaign "Making cities resilient", and to coordinate the development of normative products designed to assist partner cities in risk reduction and urban resilience programming.

44. Through projects in Haiti, Indonesia, Mozambique, Myanmar and the Philippines, UN-Habitat and the International Federation of Red Cross and Red Crescent Societies continued to jointly address emergency shelter needs of populations affected by natural disasters, with UN-Habitat providing technical expertise to make the coordination role of the Federation more effective.

45. In Haiti, UN-Habitat has achieved several significant policy successes. It has contributed to the preparation of the inter-agency post-disaster needs assessment in two critical areas: developing the overall housing reconstruction strategy and the policy approach to land-related challenges. UN-Habitat has also successfully advocated the adoption of two important policy changes. The first, the prioritization of the policy of "safe-return", supports peoples' right to return to their homes if they are deemed habitable, instead of prioritizing the construction of new camps, in order to reduce the pressure on existing, overcrowded camps. This policy enables people to return home sooner and facilitates the early reconstruction of permanent shelter and more effective use of resources. The second important policy change was in the land sector. Whereas there was significant donor interest in promoting the development of a national land cadastre, UN-Habitat has successfully argued that the focus on a cadastre was premature and that immediate attention should rather be given to initiatives to promote security of tenure and facilitate housing reconstruction.

46. In the Lao People's Democratic Republic, UN-Habitat supported families and communities affected by Typhoon Ketsana, which swept through the country's southern provinces in October 2009. UN-Habitat, through the Department of Public Works and Transport and the Lao Red Cross, purchased shelter-related equipment for close to 1,500 households and provided emergency assistance that benefited about 50,000 people through the resumption of safe water supply and sanitation services.

IV. Enhancing pro-poor land and housing policies and programmes

47. In response to paragraphs 3 and 4 of General Assembly resolution 64/207, UN-Habitat carried out a number of activities to assist Governments to review their land and housing policies and to implement pro-poor land and housing programmes during the reporting period. This work focused on three dimensions: firstly,

implementing improved land and housing policies; secondly, increasing security of tenure; and, thirdly, promoting slum upgrading and prevention policies.

A. Implementing improved land and housing policies

48. Through its Global Land Tool Network, UN-Habitat has facilitated the establishment of an entity that includes most of the important actors in the land sector and has created a "brand" and credibility in the field internationally. In addition to its work in Haiti, where UN-Habitat has successfully influenced the overall housing reconstruction strategy and the policy approach to land-related challenges, the organization has been an active partner in a number of policy implementation processes at the country level linking its normative and operational strengths. During the reporting period, the Network increased the number of its partner organizations to 42, as compared to 33 in December 2008.

49. After the African Union adopted its land policy framework and guidelines in July 2009, UN-Habitat continuously supported the land policy initiative set up by a consortium consisting of the African Union Commission, the Economic Commission for Africa and the African Development Bank. The initiative has focused on the development of land indicators and a tracking system to monitor progress in the implementation of the agreed land policy framework. UN-Habitat also continued to support the World Bank in the development of a land governance assessment framework, which will facilitate the assessment of land-related projects and interventions.

50. A number of projects to improve land and housing policies were implemented during the reporting period, with assistance from UN-Habitat, inter alia, in the following countries: Ghana, Nepal, Viet Nam, Malawi and Zambia (on preparation of urban housing sector profiles); Chad (on the development of a land and housing policy, which was adopted by Parliament in December 2009); Kenya (on its national land policy, approved by Parliament in December 2009); and Ecuador (on the country's housing policy and housing law).

B. Improving security of tenure

51. UN-Habitat can refer to several concrete country-level achievements in increasing security of tenure during the reporting period. Its normative and advocacy efforts to promote alternatives to forced evictions have become more structured, including through the Advisory Group on Forced Evictions and its partners.

52. During the reporting period, the Advisory Group presented recommendations to the Executive Director of UN-Habitat for action to prevent forced evictions in Istanbul, Turkey, New Orleans, United States, and Port Harcourt, Nigeria, as well as cities in south-eastern England.

53. UN-Habitat also co-organized two major regional training events. The first, the Islamic Land Law Regional Training, was successfully piloted in Malaysia in December 2009, ending with concrete action plans. The second, regional training on "Land and natural resources conflict" was held in Nairobi in May 2010, jointly organized with UNDP, UNEP, the Department of Political Affairs and the United

Nations Peacebuilding Support Office, with financial support from the European Commission.

54. UN-Habitat further provided support to a number of activities at the interregional and country levels. In Brazil, Ghana and Nepal, UN-Habitat, in close partnership with the Huairou Commission and grassroots organizations, pilot tested the "Gender evaluation criteria" tool. As a result of that work, the Government of Pernambuco, Brazil, decided not to evict an estimated 8,500 families in Recife, deciding, instead, to regularize them. This decision was announced during the fifth session of the World Urban Forum, amidst thunderous applause.

55. A number of projects on security of tenure were implemented, inter alia, in the following countries: Benin (on land registry development), the Democratic Republic of the Congo (on land-related conflicts), Ethiopia (involving studies on a massive land certification programme), the Sudan (on land registration), Afghanistan (involving registration of 12,425 plots), Pakistan (where 12,500 landless families were assisted) and Serbia (on the housing rights of the Roma).

C. Promoting slum upgrading and prevention policies

56. During the reporting period, UN-Habitat implemented a number of activities aimed at improving the living conditions of vulnerable urban populations and the urban poor, especially slum dwellers, as part of its ongoing contribution to the realization of the target of the Millennium Development Goals on improving the lives of slum-dwellers, and in line with paragraph 4 of General Assembly resolution 64/207.

57. In order to contribute to the enhancement of the knowledge and capacity of Governments and Habitat Agenda partners in developing policies and strategies for slum upgrading and prevention, UN-Habitat, in collaboration with the World Bank Institute, the Inter-American Development Bank, the German Agency for Technical Cooperation and the Cities Alliance took part in the implementation of a programme entitled "Successful approaches to national slum upgrading and prevention". The programme focused on the analysis of recent experiences and best practices of slum upgrading and prevention in 15 countries.

58. During the reporting period, implementation of the second phase of the participatory slum upgrading and prevention programme was initiated in Cameroon, the Democratic Republic of the Congo and Zambia.

59. Within the framework of the "One United Nations" programme in Rwanda, UN-Habitat promoted slum prevention and supported land-slide mitigation and reconstruction activities, including a resettlement and a reforestation programme implemented in partnership with the Rwanda Environmental Management Authority.

60. In the United Republic of Tanzania, the citywide action plan for the upgrading of unplanned and unserviced settlements in Dar-es-Salaam, whose preparation was supported by UN-Habitat, was officially presented to the Government and the Dar-es-Salaam city council at a forum for resource mobilization. UN-Habitat will provide assistance for the implementation of the action plan through 2020. With the World Bank, UN-Habitat supported the establishment of the Urban Sector Group in the country.

61. The "Urban partnerships for poverty reduction" project in Bangladesh, funded by the Department for International Development of the United Kingdom, is the largest urban poverty reduction initiative in the country, and one of the largest in the world. In cooperation with UNDP, UN-Habitat built on its community-centred methodology to support communities in preparing and managing community-contracts and implementing various settlement upgrading activities. Currently, communities in informal settlements in 17 towns and cities are implementing 565 community contracts valued at $4.1 million.

62. In Mongolia, UN-Habitat coordinated a community-led ger-area upgrading project in Ulaanbaatar, funded by the Government of Japan ($5.8 million) through UN-Habitat. The project, which works through community development councils, is the largest urban upgrading ever undertaken in the country, targeting 56,700 people from 12,185 households in five districts.

V. Developing environmentally sound basic urban infrastructure and services

63. The General Assembly, in its resolution 64/207, encouraged Governments to promote the principles and practice of sustainable urbanization in order, inter alia, to ensure access to basic services (see para. 4). In response, and as part of its ongoing contribution to the realization of the targets of the Millennium Development Goals on sustainable access to safe drinking water and safe sanitation, UN-Habitat focused on, firstly, assisting Governments to adopt enabling policy and institutional frameworks capable of expanding access to basic services; secondly, supporting Governments to increase the efficiency and effectiveness of their water and sanitation institutions; and, thirdly, enhancing consumer demand for water and sanitation services.

A. Developing policy and institutional frameworks for expanded access to environmentally sound urban infrastructure and services

64. During the reporting period, the third report in the *Water and Sanitation in the World's Cities* series, entitled *Solid Waste Management in the World's Cities*, was published by UN-Habitat. The publication includes profiles of urban solid waste and recycling systems in 20 cities as well as a comparative analysis of over 20 "reference cities"; a decision maker's guide to integrated sustainable waste management; outlines of available technologies, with guidance on selecting appropriate technologies; and a generic "assessment protocol" for assessing solid waste management issues in cities.

65. In Nairobi, on the occasion of World Water Day 2010, a joint publication of UNEP and UN-Habitat entitled *Sick water? The central role of wastewater management in sustainable development*, was launched. The publication advocates global action towards smart and sustained investment in improving wastewater management in order to address the effects of climate change on water resources.

66. The Global Water Operators Partnerships programme expanded its activities to South-Eastern Europe, where it has established a regional platform for water

operators that aims at implementing capacity-building interventions based on benchmarking and peer support.

67. UN-Habitat supported policy and institutional development activities in many countries in Africa and the Middle East, Asia and the Pacific and Latin America and the Caribbean. In Africa, projects were implemented in the following countries: Ethiopia, Ghana, Kenya, Malawi, Namibia, Uganda and Zambia (on capacity strengthening of water utilities in water and sanitation planning); Ethiopia (on governance policy and a water demand management strategy in Dire Dawa); Mali (on development of 16 project proposals); Rwanda (on sustainable pro-poor urban water and sanitation management); and Burkina Faso (on a diagnostic study which lead to provision of 2 million euros by the European Union for water supply and sanitation facilities).

68. In Asia, UN-Habitat supported projects in India (on Madhya Pradesh's integrated urban sanitation programme); Nepal (on poverty mapping and pro-poor water and sanitation interventions); Viet Nam (on Cam Ranh's water demand management and tariff policies); and Cambodia (on pro-poor community-based water and sanitation in four towns, benefiting 29,682 people).

69. The following countries also received UN-Habitat's support during the reporting period: the Plurinational State of Bolivia (on development of policy directives and guidelines in sustainable sanitation); Colombia (on integration of water and sanitation master plans in slum upgrading); El Salvador (on improving water access in communities served by small scale water operators); Ecuador (on the formulation of a Water Law); Mexico (on the development of a proposal to secure a large loan for policy development and projects on water education and infrastructure upgrading in schools); and Nicaragua (on improving solid waste services through increased waste recovery and recycling).

B. Improving institutional efficiency and effectiveness in the provision of basic urban infrastructure and services

70. During the reporting period, UN-Habitat supported the implementation of initiatives designed to improve the efficiency and effectiveness of basic urban infrastructure service providers in all regions of the developing world, especially in the area of water supply and sanitation.

71. In Africa, projects were implemented in Ethiopia (in partnership with the African Development Bank, on a post-investment capacity-building programme in Harar); Kenya (on capacity improvement of the Kisumu Water Company); Rwanda (on capacity-building support to the Rwanda Water and Sanitation Corporation in implementing a low income household connection programme and a pre-paid water metering system); and the United Republic of Tanzania (on a pre-investment capacity-building programme for the Zanzibar Water Authority).

72. Countries that received support from UN-Habitat in Asia include: India (on pro-poor water and sanitation governance in four municipal corporations and two district urban development authorities); Indonesia (on a capacity-building programme on municipal solid waste management services in Aceh Province, in collaboration with UNDP); the Lao People's Democratic Republic (on improving the water delivery capacity of nine institutions and on a cost-recovery project); and

Viet Nam (on a cost-recovery project and on strengthening the capacity of one utility envisaged to benefit 31,360 people with improved access to water and 85,000 people with access to improved sanitation).

73. In Mexico, UN-Habitat worked with the Ministry of Social Development, the National Association of Water Utilities and the Faculty of Engineering of the University of Mexico in the development of a comprehensive online capacity-building diploma course for water operators.

C. Enhancing consumer demand for efficient and environmentally sustainable basic urban infrastructure and services

74. Under the Global Water Operators' Partnership, the Geo-Referenced Utilities Benchmarking System, an enhanced platform for benchmarking the performance of utilities, was put online during the reporting period. The system, which targets a wide audience of decision makers, utilities and other users helps improve transparency, awareness raising and consumer demand.

75. Several projects were supported by UN-Habitat in Africa during the reporting period, including in Kenya, Uganda, Rwanda and the United Republic of Tanzania, and on the formulation of a large Global Environmental Facility project called "Promoting energy efficiency in buildings in East Africa", which included awareness-raising workshops.

76. In Asia, projects were supported in India (on rain harvesting in 16 schools and treatment and reuse of waste water in Madhya Pradesh, benefiting 23,000 people); Indonesia (on municipal management of solid waste services in Aceh Province); Myanmar (on post-disaster support in restoring damaged and destroyed water and sanitation infrastructure through 900 community contracts); and Nepal (on training of 14 water users committees in small towns).

77. In Latin America and the Caribbean, UN-Habitat supported projects in Cuba, on the project "Water for life" in Santa Clara city, in which 700 residents were connected to water, and in Mexico, where social monitoring and evaluation of water and sanitation service delivery was initiated through the establishment of six water and sanitation citizen observatories.

VI. Improving human settlements finance systems

78. The General Assembly, in its resolution 64/207, invited the international donor community and financial institutions to contribute generously to the Habitat and Human Settlements Foundation, including the Water and Sanitation Trust Fund, the Slum Upgrading Facility and technical cooperation trust funds (para. 8), and also invited them to contribute to the Experimental Reimbursable Seeding Operations Trust Fund (para. 9).

79. During the reporting period, UN-Habitat's activities in this area focused on improving the mobilization of funds for investment in affordable social housing and related infrastructure. UN-Habitat continued to develop its catalytic role in facilitating cooperation between domestic banks, local authorities and urban poor organizations to mobilize and package domestic capital, public investment and

community savings for practical slum upgrading activities. The experimental reimbursable seeding operations revolving loan programme emerged as an effective tool for reaching underserved populations, from the thirtieth down to the eighty-fifth income percentiles, with the local finance facility approach (under the Slum Upgrading Facility) reaching populations from the seventieth income percentile to the bottom of the income pyramid.

A. Slum Upgrading Facility

80. A total of $1,780,000 had been disbursed to five local finance facilities by the end of December 2009. By the end of May 2010, a total of $3,374,084 had been disbursed for development and assistance to local finance facilities as well as for credit enhancement for project implementation.

81. A pipeline of over 40 small and medium scale credit enhancement project proposals, with a value of over $19 million, were reviewed and showed potential leverage of 3 to 1 for credit enhancement funds. For the five current active projects (2 in Ghana, 2 in Sri Lanka and 1 in Indonesia), just over $1 million in project value had been leveraged by mid-2010. By the same date, these projects had reached a total of 168 households (11 in Indonesia, 51 in Sri Lanka and 104 in Ghana) in a combination of progressive upgrading projects that included the building of new homes as well as of commercial market stalls and shops.

B. Experimental Reimbursable Seeding Operations Trust Fund

82. During the reporting period, the experimental reimbursable seeding operations revolving loan programme worked with local banks, microfinance institutions and international financial institutions in the Lao People's Democratic Republic, Nepal, Nicaragua, Uganda, the United Republic of Tanzania and Palestine.

83. In its efforts to mobilize financial resources for pro-poor investment in shelter, UN-Habitat worked with a number of key partners, including the Overseas Private Investment Corporation, the International Finance Corporation, the Middle East Investment Initiative, the World Bank, the Palestine Investment Fund, the Cooperative Housing Foundation (CHF International), HSBC, Azania Bank in the United Republic of Tanzania, the Development Finance Company of Uganda, the Lao Development Bank, the Palestine Capital Markets Authority, the Bank of Palestine, the Cairo Amman Bank and a range of domestic banks in Ghana, Indonesia and Sri Lanka.

84. During the reporting period, five loan transactions for seeding operations were completed covering: the United Republic of Tanzania ($500,000); Uganda ($500,000); Nepal ($250,000); Nicaragua ($500,000) and the Occupied Palestinian Territories ($1,000,000). Total funds disbursed by mid-2010 amounted to $2,750,000. Investment of the funds is expected to result in the construction of new affordable housing units in Palestine, the creation of serviced plots in the United Republic of Tanzania, new and upgraded homes for the poor in Uganda, secondary lending for housing microfinance loans through microfinance institutions in Nicaragua and credit extension to save-and-build credit cooperatives in Nepal. Projects being developed through partnerships and with technical assistance and

credit enhancement from local finance facilities are expected to reach over 10,000 households by 2014.

85. A partnership between UN-Habitat and the International Finance Corporation was also initiated in order to support domestic banks in the development of a mortgage product to promote the establishment of a sustainable housing finance market in the Lao People's Democratic Republic. Discussions continued in Thailand, countries of the Caribbean, Ghana, Indonesia, Sri Lanka and Kenya, among others, for further opportunities that will contribute to that end.

VII. Governance reform and excellence in management

86. During the reporting period, a review of the governance of UN-Habitat was initiated, in line with paragraph 2 of General Assembly resolution 64/207 and UN-Habitat Governing Council resolution 22/5. UN-Habitat continued implementation of the medium-term strategic and institutional plan 2008-2013. Also in line with paragraph 2 of General Assembly resolution 64/207, activities under focus area 6 of the plan, "excellence in management", focused on: empowering staff to achieve the goals of the plan; institutional alignment in order to more effectively deliver planned results; application of results-based management principles; and mobilization of sufficient financial resources and their effective use to achieve the results set out in the plan, in line with paragraph 8 of resolution 64/207.

A. Progress in institutional reform and alignment

87. During the reporting period, a joint review of UN-Habitat's governance structure by its Committee of Permanent Representatives and its secretariat was initiated. The review aims at developing a better functioning governance structure for UN-Habitat by identifying and implementing strategies that will improve its transparency, accountability, efficiency and effectiveness. The first phase of the assessment, which involved the identification of specific quick-wins and short-term improvements, has been completed.

88. Horizontal coordination among UN-Habitat's divisions in the implementation of the medium-term strategic and institutional plan 2008-2013, through the biennial work programme, was also enhanced. For that purpose, the existing task forces for the plan were reconstituted into seven focus area teams, one for each of its six focus areas and another for coordinating normative and operational work, including at the country level. Detailed focus area policy and strategy papers were also finalized and are serving as the guiding instruments for coordination and implementation.

B. Empowering staff to achieve planned results

89. A staff skills inventory database was developed during the reporting period and is currently being utilized to collate and assess the skills available within the organization. A training survey was also completed in collaboration with the United Nations Office at Nairobi. Current organization-wide training needs were compiled and a mandatory training programme developed.

90. Job descriptions for 93 per cent of UN-Habitat's posts were reviewed and classified in order to align them with the medium-term strategic and institutional plan 2008-2013. This also involved reviewing the skills of the incumbents. In addition, all vacant posts up for advertisement are now routinely screened to ensure compliance with the plan.

91. A recently completed job description database, which contains information on generic and specific job descriptions, post classification documents and post validation, facilitated the preparation of vacancy announcements, resulting in faster recruitment during the reporting period. Recruitment days, through Galaxy, were reduced to 178, compared to 265 days in 2008.

92. To further improve organization-wide performance, and as a follow-up to the staff survey conducted in October 2009, a review of the current staff performance appraisal process was initiated and a road map developed to address identified weaknesses and promote strengths identified.

93. Improvements in a number of business processes, in addition to staff recruitment, were also achieved during the reporting period. The average procurement time for information technology equipment was reduced to 50 days by the end of May 2010, down from 67 days at the end of 2009. For the same period, the average time for approval of cooperation agreements declined from 11.6 to 10.4 days.

94. During the reporting period, a process was initiated to increase the delegation of management authority. Authority on overtime management, budgeting and resources management, project approval (of up to $100,000.00 in value) and mission travel was delegated to division directors, facilitating direct responsibility and accountability in these areas and reducing the steps in the respective approval processes.

95. Participatory and transparent programme planning, as well as budgeting and resource allocation processes, were also adopted in support of results-based management. New guidelines on travel planning and approval procedures were finalized, a new roster for consultants was designed and launched, in order to improve the recruitment of consultants, and an updated field operations manual was launched.

C. Enhancing application of results-based management principles

96. During the reporting period, UN-Habitat aimed at improving the percentage of programmes and projects contributing to the goals of the medium-term strategic and institutional plan in order to further align the biennial strategic framework and work programme with the plan.

97. A biennial strategic framework (for 2012-2013) that is fully aligned to the results framework of the plan was developed and endorsed by both the Committee of Permanent Representatives and the Committee for Programme and Coordination. A draft results-based management orientation manual set of guidelines was also prepared.

98. A revised project review and approval process, which facilitates project approval at the division level and in regional offices, was also adopted. A dedicated

secretary to the Programme Review Committee was appointed in order to improve the operations of the Committee both at headquarters and in the regional offices, in particular the quality of project briefs and project documents.

99. Staff training in the area of results-based management was also initiated during the reporting period. This included a two-day retreat and capacity-building workshop for the members of the Programme Review Committee; two externally facilitated one-day workshops on results-based management, attended by 36 human settlements officers and programme management officers; and a two-day capacity-building workshop in project management, attended by 24 staff members.

100. A knowledge management strategy to support results-based management was completed during the reporting period. The strategy has two main objectives: to improve knowledge management and knowledge sharing within the agency; and to position UN-Habitat as the first port of call and the premier global reference centre on knowledge about sustainable urbanization.

101. Two strategic evaluations of the Global Land Tool Network and the Water and Sanitation Trust Fund programmes in Nepal and Kenya were completed during the reporting period as part of ongoing efforts to mainstream results-based management. In addition, a thematic study on gender mainstreaming in UN-Habitat's water and sanitation programmes and an external evaluation of the "Safer Cities" programme in the United Republic of Tanzania were also completed.

D. Enhancing financial resources for the delivery of goals of the medium-term strategic and institutional plan

102. During the reporting period, UN-Habitat sought to achieve resource mobilization targets set for non-earmarked and earmarked funding, as well as to improve the percentage of both earmarked and non-earmarked resources allocated to the priority focus areas of the medium-term strategic and institutional plan.

103. For non-earmarked funds, $20 million was received in 2009, representing 93 per cent of the set target. For earmarked resources, $126.2 million was received in 2009, representing 127 per cent of the target. For the 2010-2011 biennium, 95 per cent of both the earmarked and non-earmarked resources were allocated to priority focus areas of the plan, exceeding the respective targets of 61 and 80 per cent.

104. New multi-year agreements were negotiated and signed with the Governments of Norway, Spain, Sweden and the United Kingdom of Great Britain and Northern Ireland, thus establishing longer term commitments from key strategic partners. A database of pipeline projects was developed and a comprehensive resource mobilization action plan for 2010-2013 formulated. In addition, a development partners' breakfast was convened in Rio de Janeiro during the fifth session of the World Urban Forum as part of UN-Habitat's resource mobilization efforts. The event attracted the largest representation from major donor and potential donor countries ever achieved by UN-Habitat.

105. During the reporting period, a new mechanism to facilitate increased transparency in resource allocation was also initiated. This entailed allocation and decentralization of core fund resources to the divisions, as part of the delegation of authority process. Another new and transparent mechanism for the allocation of resources for the plan was put in place in December 2009, with a special committee

being set to review proposals based on criteria set by the Steering Committee for the plan.

VIII. Conclusions and recommendations

106. The challenges that cities are facing today, and will continue to face in the next few decades, are multifaceted. They include rapid and often chaotic urbanization, climate change, the global economic crisis and globalization, increasing social fragmentation and intra-city inequality, the geographical expansion of cities into huge megalopolises and the changing scale and complexity of urban governance.

107. Cities in developing countries, where the majority of the population will live after 2025, must learn how to mitigate greenhouse gas emissions and adapt to climate change while also meeting serious urban deficits in drinking water supply and sanitation. They will have to focus on how to strengthen their role as engines of national economic growth and pay greater attention to the existing social problems of poverty and exclusion, whose most visible manifestation is the existence of slums. Only a sustainable development approach can simultaneously address these environmental, economic and social problems. Given that the population balance is tilting fast towards urban areas, sustainable development is increasingly becoming synonymous with sustainable urbanization.

108. Over the last two decades, UN-Habitat has contributed progressively to improving the living environment, in line with the Habitat Agenda and within the context of chapter 7 of Agenda 21. This work has focused on assisting Governments and local authorities in providing adequate shelter for all; promoting sustainable urban development, including sustainable land use planning and management; integrated provision of water, sanitation, drainage and solid waste management; promoting sustainable energy and transport; promoting human settlements planning and management in disaster-prone areas; promoting sustainable construction industry activities, including more appropriate building codes; and developing the capacity of local authorities.

109. The fundamental questions regarding the role of cities in climate change mitigation and adaptation, as well as access to adequate housing, serviced land and basic urban services such as water and sanitation need to be addressed and incorporated into international, national and local responses if sustainable forms of urban development are to be attained in the developing world. **In light of the above, it is important that Member States recognize UN-Habitat's expertise and contribution to the 20-year review process of the United Nations Conference on Environment and Development, including the preparatory processes for the conference.**

110. In more recent years, UN-Habitat has sought to find ways of addressing many of the above-mentioned issues through slum upgrading with impact at scale and innovative ways of financing human settlements development projects, including through the Experimental Reimbursable Seeding Operations Trust Fund, the Slum Upgrading Facility and the Water and Sanitation Trust Fund. In the coming years, it is important that the resource base of UN-Habitat be strengthened, including through broadening of its donor base, in line with the resolutions of the UN-Habitat Governing Council and General Assembly. **Governments in a position to do so and other public and private entities are therefore encouraged to contribute to**

the further capitalization of the United Nations Habitat and Human Settlements Foundation so as to enable UN-Habitat to provide more financial and seed capital support for slum upgrading and prevention, as well for pro-poor investment in urban water supply and sanitation.

111. **Finally, it is important that Governments reassess progress made on adequate shelter for all and sustainable human settlements development, as well as the role of UN-Habitat, in light of the emerging urban challenges. The convening of a third United Nations conference on housing and sustainable urban development (Habitat III) in 2016 would thus be timely.**